

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:40 a.m. on March 20, 2002 in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Becky Krahl, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Joe Fritton, Director, Division of Facilities Management

Others attending: See attached list

Subcommittee reports on:

Department of Revenue (Attachment 1)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with additional information available in the subcommittee budget report.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with additional observations as listed in the subcommittee budget report.

Senator Salmans moved, with a second by Senator Barone, to amend the subcommittee report on the Department of Revenue to recommend an interim study concerning all encompassing property valuation formulas and use values developed by the Property Valuation Division. Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Kerr, to adopt the subcommittee budget report on the Department of Revenue for the FY 2002 and FY 2003 budget as amended. Motion carried on a voice vote.

State Board of Tax Appeals (Attachment 2)

Subcommittee Chairman Schodorf reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

Subcommittee Chairman Schodorf reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with notations as listed in the subcommittee budget report.

Senator Schodorf moved, with a second by Senator Feleciano, to adopt the subcommittee budget report on the State Board of Tax Appeals for the FY 2002 and FY 2003 budget. Motion carried on a voice vote.

Kansas, Inc. (Attachment 3)

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

CONTINUATION SHEET

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with a notation as listed in the subcommittee budget report.

Kansas Technology Enterprise Corporation (Attachment 4)

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with an adjustment and a notation as listed in the subcommittee budget report.

Kansas Department of Commerce and Housing (Attachment 5)

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2002.

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with an adjustment and a notation as listed in the subcommittee budget report.

Senator Kerr moved, with a second by Senator Jackson, to adopt the subcommittee budget report on Kansas, Inc, Kansas Technology Enterprise Corporation and the Kansas Department of Commerce and Housing for the FY 2002 and FY 2003 budget.

Copies of the Economic Development Initiatives Fund, dated March 17, 2002, were distributed by staff (Attachment 6).

Copies of the Kansas Department of Commerce and Housing Economic Development Initiatives Fund (EDIF) Block Grant Outcome Measures were distributed (Attachment 7).

Chairman Morris continued the public hearing on:

HB 2690--University research and development enhancement act

At the request of the Committee, Joe Fritton, Director, Division of Facilities Management, addressed the differences in the construction delivery methods allowed under this legislation (Attachment 8). Mr. Fritton explained that his testimony was not intended to address the ultimate objective of the proposed legislation, which is to encourage the construction of research facilities. Committee questions and discussion followed.

Chairman Morris thanked Mr. Fritton for appearing before the Committee, and there being no further conferees to come before the Committee, the Chairman closed the public hearing on **HB 2690**.

Committee discussion followed with members from the aviation industry regarding a possible National Institute for Aviation Research (NIAR) amendment. Senator Huelskamp requested in writing that staff research what the expectations are of what the State would have to pay, and when it will be paid, on bonds. Senator Adkins questioned the wording beginning on page 4, line 43 through page 5, line 3 of the bill and the Revisor noted that the wording should be deleted. Chairman Morris mentioned that plans are to work the bill at the next meeting.

The meeting adjourned at 11:50 a.m. The next meeting is scheduled for March 21, 2002.

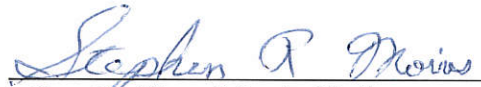
SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE March 20, 2002

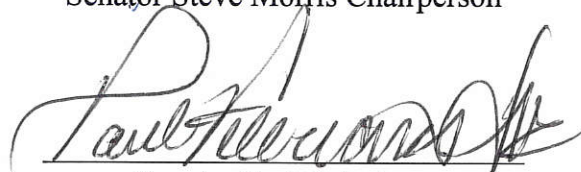
NAME	REPRESENTING
Shawn Henslee	Greater KC Chamber of Pursh
Don Sals	D.I.A / DPM
Gary Hibbs	DOA / DFM
JOE FRETTON	DOFA / DFM
Ben Bauman	DoFA
RaeAnne Davis	KDOCH
Troy Taylor	KTEC
Beth Brough	KTEC
Kevin Carr	"
Lori Rost	"
Samy Robinson	KDFA
J. Chubb	SOS
Kim Whit	KBDR
Jack Wenzel	Regent
Jim McHaff	Ks AFH-CIO
Lusana Pearson	Ucastas
Tony Folsom	BOTA
Julie Thomas	DOB
Bob Venn	Deer Coedec

Senate Subcommittee on Department of Revenue


Report for FY 2002, FY 2003



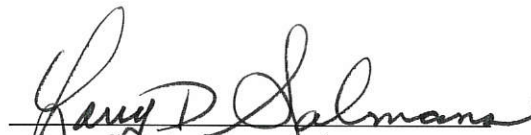
Senator Steve Morris Chairperson



Senator Paul Feleciano



Senator Tim Hueslkamp



Senator Larry Salmans

Senate Ways and Means
3-20-02
Attachment 1

House Budget Committee Report

Agency: Department of Revenue

Bill No. 2743

Bill Sec. 26

Analyst: Efirid

Analysis Pg. No. Vol. I - 403 **Budget Page No.** 369

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Budget Adjustments
State Operations	\$ 74,095,753	\$ 74,095,753	\$ 0
State Aid	8,443,250	8,443,250	0
Other Assistance	3,500,000	3,500,000	0
Total-All Funds	\$ 86,039,003	\$ 86,039,003	\$ 0
State General Fund	\$ 35,805,101	\$ 35,055,101	\$ 0
DOV Operating Fund	31,729,721	31,729,721	0
All Other Funds	18,504,181	19,254,181	0
Total-All Funds	\$ 86,039,003	\$ 86,039,003	\$ 0
FTE Positions	1,196.0	1,196.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	1,196.0	1,196.0	0.0

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2002 operating expenditures of \$86.0 million is a net increase of \$3.7 million from the approved budget. This results from:

- No change in the requested State General Fund (SGF) appropriation (except \$1 due to rounding);
- No change in the approved expenditure limitation for the Division of Vehicles (DOV) Operating Fund;
- A net increase of \$3.7 million from all other funds, including a \$1.0 million increase due to new legislation for the ethyl alcohol incentive program, over \$1.0 million from the Electronic Databases Fee Fund due to a veto last Session, and over \$1.7 million from County Mineral Tax Fund due to higher production taxes and subsequent payments than previously estimated.

The Governor recommends a current year budget of \$86.0 million, a net change of \$3.7 million from the approved budget. The Governor concurs with the revised expenditures, but recommends a different financing package. This results from:

- A net reduction of \$750,001 in SGF expenditures;
- No change in the approved expenditure limitation for the DOV Operating Fund;
- A net change of \$3.7 million from all other funds, including the three items requested by the agency for addition of \$1.0 million for the ethyl alcohol incentive program, over \$1.0 million from the Electronic Databases Fee Fund, and over \$1.7 million from County Mineral Tax Fund .
- An increase in financing by \$750,000 from Electronic Databases Fee Fund to offset a reduction in SGF financing for FY 2002, with a fee increase for public records sales effective January 1, 2002.

House Budget Committee Recommendation

The Committee concurs with the Governor's FY 2002 recommendation.

House Committee Recommendation

The Committee concurs.

Subcommittee Report

Agency: Department of Revenue

Bill No. 457

Bill Sec. 26

Analyst: Efird

Analysis Pg. No. Vol. 1--403 **Budget Page No.** 369

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
State Operations	\$ 74,095,753	\$ 74,095,753	\$ 0
State Aid	8,443,250	8,443,250	0
Other Assistance	3,500,000	3,500,000	0
Total-All Funds	<u>\$ 86,039,003</u>	<u>\$ 86,039,003</u>	<u>\$ 0</u>
State General Fund	\$ 35,805,101	\$ 35,055,101	\$ 0
DOV Operating Fund	31,729,721	31,729,721	0
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Total-All Funds	<u>\$ 86,039,003</u>	<u>\$ 86,039,003</u>	<u>\$ 0</u>
FTE Positions	1,196.0	1,196.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,196.0</u>	<u>1,196.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2002 operating expenditures of \$86.0 million is a net increase of \$3.7 million from the approved budget. This results from:

- No change in the requested State General Fund (SGF) appropriation (except \$1 due to rounding);
- No change in the approved expenditure limitation for the Division of Vehicles (DOV) Operating Fund;
- A net increase of \$3.7 million from all other funds, including a \$1.0 million increase due to new legislation for the ethyl alcohol incentive program, over \$1.0 million from the Electronic Databases Fee Fund due to a veto last Session, and over \$1.7 million from County Mineral Tax Fund due to higher production taxes and subsequent payments than previously estimated.

The Governor recommends a current year budget of \$86.0 million, a net change of \$3.7 million from the approved budget. The Governor concurs with the revised expenditures, but recommends a different financing package. This results from:

- A net reduction of \$750,001 in SGF expenditures.
- No change in the approved expenditure limitation for the DOV Operating Fund.
- A net change of \$3.7 million from all other funds, including the three items requested by the agency for addition of \$1.0 million for the ethyl alcohol incentive program, over \$1.0 million from the Electronic Databases Fee Fund, and over \$1.7 million from County Mineral Tax Fund.
- An increase in financing by \$750,000 from Electronic Databases Fee Fund to offset a reduction in SGF financing for FY 2002, with a fee increase for public records sales effective January 1, 2002.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2002 recommendation and makes the following additional information available:

1. **Update the status for the collection of accounts receivable project.** The 2001 Legislature approved an increase in SGF expenditures of \$3,277,632 for FY 2002 in order to enhance tax collections by an estimated \$48.75 million. A total of 34.0 new FTE positions was added in FY 2002 to assist with collections of accounts receivable, bringing the number of agency personnel working on this program of enhanced collections to 75.0 FTE. The compliance and civil tax enforcement activities have yielded an additional \$61 million of revenue through early March, 2002, about \$3 million ahead of the agency estimate. During the same period last year, collections were \$29 million. About \$32 million of the projected \$48.75 million has been collected to date this fiscal year, leaving slightly less than \$17 million to collect prior to June 30, 2002, in order to meet the collections goal set by the 2001 Legislature. The Secretary of Revenue assured the Subcommittee that the goal would be met or exceeded in FY 2002. Continued enhanced collections were predicted for FY 2003 by the Secretary of Revenue, although no specific estimates were provided.

House Budget Committee Report

Agency: Department of Revenue

Bill No. 3008

Bill Sec. 21

Analyst: Efird

Analysis Pg. No. Vol. I - 403 **Budget Page No.** 369

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Budget Adjustments
State Operations	\$ 74,637,543	\$ 74,765,843	\$ (446,298)
State Aid	7,931,750	7,931,750	0
Other Assistance	3,500,000	3,500,000	0
Total-All Funds	<u>\$ 86,069,293</u>	<u>\$ 86,197,593</u>	<u>\$ (446,298)</u>
State General Fund	\$ 35,805,102	\$ 34,479,022	0
DOV Operating Fund	32,755,967	32,755,967	0
All Other Funds	17,508,224	18,962,604	(446,298)
Total-All Funds	<u>\$ 86,069,293</u>	<u>\$ 86,197,593</u>	<u>\$ (446,298)</u>
FTE Positions	1,196.0	1,196.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,196.0</u>	<u>1,196.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests a net expenditure increase of \$30,290 from the current fiscal year's revised budget. The agency request:

- Includes a substantial increase in financing from the Division of Vehicles (DOV) Operating Fund as the amount of increase totals \$1,026,246.
- Enhances expenditures on commodities by \$880,527, or 22.6 percent more than FY 2002, primarily for the manufacture of license plates which increases from \$1,447,708 in FY 2002 to \$2,197,480 in FY 2003 from the DOV Operating Fund.
- Adds net expenditure increases of \$624,191 in the Division of Vehicles, in part due to higher license plate expenses and also attributed to adjusting the shrinkage rate from \$1,097,762 in FY 2002 to \$918,234 in FY 2003. Reductions in contractual services also are requested in FY 2003 to reduce the amount of net increase in the DOV Operating Fund financing.
- Includes \$100,000 for the electronic filing of applications and self-issuance of apportioned registration for motor carriers. This request includes a needs analysis, system design, software development, testing and implementation.

Financing is requested from the Federal Commercial Motor Vehicle Safety Fund in anticipation of a federal grant for the project.

- Increases VIPS/CAMA financing by \$106,100 from FY 2002.

The **Governor recommends** a net expenditure increase of \$158,590. The Governor's recommendations:

- Reduce the SGF financing by \$576,079 from the revised FY 2002 amount (that also was recommended for a reduction of \$750,001 from financing approved by the 2001 Legislature). The Governor's two-year recommendation reduces financing by \$1,326,080 from the SGF.
- Include a substantial increase in financing from the DOV Operating Fund totaling \$1,026,246.
- Include a net increase of \$294,872 from the Electronic Databases Fee Fund from the revised FY 2002 amount (that was recommended for an increase of \$750,000 above the agency request in FY 2002). The Governor's two-year recommendation increases financing by \$1,044,872 from this fund and assumes a fee increase effective January 1, 2002.
- Enhance expenditures on commodities by \$880,527, primarily for the manufacture of license plates which increases from \$1,447,708 in FY 2002 to \$2,197,480 in FY 2003 from the DOV Operating Fund.
- Add net expenditure increases of \$502,245 in the Division of Vehicles, in part due to higher license plate expenses and increasing the shrinkage rate from \$1,097,762 in FY 2002 to \$1,261,544 in FY 2003.
- Include \$100,000 for the electronic filing of applications and self-issuance of apportioned registration for motor carriers to be financed from a federal grant.
- Increase VIPS/CAMA financing by \$106,100 from FY 2002.

House Budget Committee Recommendation

The Committee concurs with the Governor's recommendation in FY 2003 and makes the following additional adjustments or comments:

1. Reduce \$446,298 in FY 2003 expenditures for replacement equipment in the Computer Assisted Mass Appraisal (CAMA) project due to a June 30, 2002, expiration of authority to collect fees used in this project's financing. SB 364 must be passed in order to extend a \$1.00 surcharge on motor vehicle registrations which was the intended financing source in the Governor's FY 2003 recommendation. The fee bill currently is in House Appropriations Committee. The Budget Committee plans to hold a hearing on the bill.

2. Make a technical correction in the appropriations bill, if necessary after the bill is printed for review, to increase the transfer from the State Highway Fund by \$503 in FY 2003 in order to finance the amount of expenditures recommended by the Governor. A calculation error was noted in the cash flow for the agency's Division of Vehicles Operating Fund that is financed primarily from this transfer.
3. Note a number of pending tax cases which may impact the State General Fund. The agency indicates that there are a number of cases pending with a potential negative impact. The following table summaries by venue the number of pending cases and where known, the potential dollar impact.
 - Administrative Appeals, 1,273, N/A
 - Board of Tax Appeals, 406, N/A
 - Kansas Court of Appeals, 7, \$8,035,000
 - Kansas Supreme Court, 2, greater than \$100,000,000
 - U. S. District Court, 4, \$4,700,000

All dollar amounts are approximate values as of the filing of the proceedings. Of the two cases pending before the Kansas Supreme Court, one has a potential impact of about \$1.0 million and the other one could be in excess of \$100,000,000.

4. Note that the 2001 Legislature approved the Governor's recommendation to convert the Homestead Property Tax Refund Program from reporting payments as expenditures (reportable) to reporting payments as refunds (nonreportable). FY 2001 was the last year that payments of \$13,085,524 were reported as expenditures from the State General Fund. Beginning in FY 2002, homestead payments are treated like food sales tax refunds, and therefore, no budget was submitted for the program in FY 2002 or FY 2003.

House Committee Recommendation

The Committee concurs.

Subcommittee Report

Agency: Department of Revenue

Bill No. 640

Bill Sec. 21

Analyst: Efird

Analysis Pg. No. Vol. 1 - 403 Budget Page No. 369

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
State Operations	\$ 74,637,543	\$ 74,765,843	\$ 0
State Aid	7,931,750	7,931,750	0
Other Assistance	3,500,000	3,500,000	0
Total-All Funds	86,069,293	86,197,593	0
State General Fund	\$ 35,805,102	\$ 34,479,022	\$ 0
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All Other Funds	17,508,224	18,962,604	0
Total-All Funds	\$ 86,069,293	\$ 86,197,593	0
FTE Positions	1,196.0	1,196.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	1,196.0	1,196.0	0.0

Agency Request/Governor's Recommendation

The agency requests a net expenditure increase of \$30,290 from the current fiscal year's revised budget. The agency request:

- Includes a substantial increase in financing from the Division of Vehicles (DOV) Operating Fund as the amount of increase totals \$1,026,246.
- Enhances expenditures on commodities by \$880,527, or 22.6 percent more than FY 2002, primarily for the manufacture of license plates which increases from \$1,447,708 in FY 2002 to \$2,197,480 in FY 2003 from the DOV Operating Fund.
- Adds net expenditure increases of \$624,191 in the Division of Vehicles, in part due to higher license plate expenses and also attributed to adjusting the shrinkage rate from \$1,097,762 in FY 2002 to \$918,234 in FY 2003. Reductions in contractual services also are requested in FY 2003 to reduce the amount of net increase in the DOV Operating Fund financing.

- Includes \$100,000 for the electronic filing of applications and self-issuance of apportioned registration for motor carriers. This request includes a needs analysis, system design, software development, testing and implementation. Financing is requested from the Federal Commercial Motor Vehicle Safety Fund in anticipation of a federal grant for the project.
- Increases VIPS/CAMA financing by \$106,100 from FY 2002.

The **Governor recommends** a net expenditure increase of \$158,590. The Governor's recommendations:

- Reduce the SGF financing by \$576,079 from the revised FY 2002 amount (that also was recommended for a reduction of \$750,001 from financing approved by the 2001 Legislature). The Governor's two-year recommendation reduces financing by \$1,326,080 from the SGF.
- Include a substantial increase in financing from the DOV Operating Fund totaling \$1,026,246.
- Include a net increase of \$294,872 from the Electronic Databases Fee Fund from the revised FY 2002 amount (that was recommended for an increase of \$750,000 above the agency request in FY 2002). The Governor's two-year recommendation increases financing by \$1,044,872 from this fund and assumes a fee increase effective January 1, 2002.
- Enhance expenditures on commodities by \$880,527, primarily for the manufacture of license plates which increases from \$1,447,708 in FY 2002 to \$2,197,480 in FY 2003 from the DOV Operating Fund.
- Add net expenditure increases of \$502,245 in the Division of Vehicles, in part due to higher license plate expenses and increasing the shrinkage rate from \$1,097,762 in FY 2002 to \$1,261,544 in FY 2003.
- Include \$100,000 for the electronic filing of applications and self-issuance of apportioned registration for motor carriers to be financed from a federal grant.
- Increase VIPS/CAMA financing by \$106,100 from FY 2002.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation in FY 2003 and makes the following additional observations:

1. Note that passage of SB 364 is necessary in order to finance the Governor's recommended expenditures of \$446,298 in FY 2003 for replacement equipment in the Computer Assisted Mass Appraisal (CAMA) project. On June 30, 2002, current authority will expire to collect fees used in this project's financing. SB 364 must be passed in order to extend a \$1.00 surcharge on motor vehicle registrations which was the intended financing source in the Governor's FY 2003

recommendation. The bill passed the Senate last year and is pending action before the House Appropriations Committee.

2. Note three items of underfinancing in the FY 2003 budget that were identified by the agency. First, the agency will absorb in its budget increased costs of \$116,884 from the State General Fund (SGF) in order to pay a higher wage for temporary workers who open mail during tax season. Second, the agency will have to finance a portion (\$345,310) of the Governor's FY 2003 recommended salary and benefits adjustments by increasing shrinkage for positions financed from the Division of Vehicles (DOV) Operating Fund (that receives most of its financing from a transfer from the State Highway Fund). Third, an anticipated postage rate increase effective July 1, 2002, may add \$262,000 of additional costs in FY 2003 that must be absorbed within the SGF and DOV financing sources. Roughly half or \$131,000 would be from the SGF and the other half from the DOV. Total shortfall in FY 2003 financing is \$724,194, with \$247,884 SGF and \$476,310 DOV.

House Budget Committee Report

Agency: State Board of Tax Appeals

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 424

Budget Page No. 427

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,113,677	\$ 2,196,280	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 2,113,677	\$ 2,196,280	\$ 0
State General Fund:			
State Operations	\$ 2,099,177	\$ 2,181,780	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 2,099,177	\$ 2,181,780	\$ 0
FTE Positions	31.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	31.0	31.0	0.0

Agency Estimate/Governor's Recommendation

The agency estimate for FY 2002 expenditures of \$2,113,677 is a decrease of \$10,740 (0.5 percent) from the approved budget. The estimate includes \$1,555,616 for salaries and wages; \$519,561 for contractual services; \$23,500 for commodities; and \$15,000 for capital outlay.

The Governor recommends for FY 2002 expenditures of \$1,296,280 is an increase of \$71,863 (3.4 percent) from the approved budget. The Governor's recommendation includes \$82,063 in KSIP funds that the agency inadvertently omitted from its budget request. The Governor's recommendation includes: \$1,555,616 for salaries and wages; \$519,561 for contractual services; \$23,500 for commodities; and \$97,603 for capital outlay.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

*Senate Ways and Means
3-20-02
Attachment 2*

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: State Board of Tax Appeals

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. Vol. 1-424 **Budget Page No.** 427

<u>Expenditure Summary</u>	<u>Agency Estimate FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,113,677	\$ 2,196,280	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 2,113,677	\$ 2,196,280	\$ 0
State General Fund:			
State Operations	\$ 2,099,177	\$ 2,181,780	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 2,099,177	\$ 2,181,780	\$ 0
FTE Positions	31.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	31.0	31.0	0.0


Agency Estimate/Governor's Recommendation

The agency estimate for FY 2002 expenditures of \$2,113,677 is a decrease of \$10,740 (0.5 percent) from the approved budget. The estimate includes \$1,555,616 for salaries and wages; \$519,561 for contractual services; \$23,500 for commodities; and \$15,000 for capital outlay.

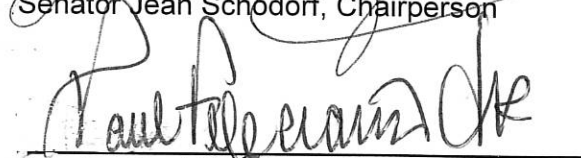
The Governor recommends for FY 2002 expenditures of \$1,296,280 is an increase of \$71,863 (3.4 percent) from the approved budget. The Governor's recommendation includes \$82,063 in KSIP funds that the agency inadvertently omitted from its budget request. The Governor's recommendation includes: \$1,555,616 for salaries and wages; \$519,561 for contractual services; \$23,500 for commodities; and \$97,603 for capital outlay.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.



Senator Jean Schodorf, Chairperson



Senator Paul Feleciano, Jr.

House Budget Committee Report

Agency: State Board of Tax Appeals

Bill No.

Bill Sec.

Analyst: Krahl

Analysis Pg. No. 424

Budget Page No. 427

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 1,944,743	\$ 2,053,352	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 1,944,743</u>	<u>\$ 2,053,352</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 1,930,243	\$ 2,038,852	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 1,930,243</u>	<u>\$ 2,038,852</u>	<u>\$ 0</u>
FTE Positions	27.0	29.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>27.0</u>	<u>29.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency's request for FY 2003 expenditures is \$1,944,743 which is a decrease of \$168,934 (8.0 percent) from the FY 2002 estimate. The request includes reduction packages totaling \$191,280 which includes the elimination of four FTE positions. The request includes: \$1,476,545 for salaries and wages; \$409,698 for contractual services; \$23,500 for commodities; and \$35,000 for capital outlay.

The Governor's recommendation for FY 2003 is \$2,053,352 which is a decrease of \$142,928 from the FY 2002 recommendation. The recommendation includes the reinstatement of two FTE positions. The recommendation includes: \$1,626,635 for salaries and wages; \$368,217 for contractual services; \$23,500 for commodities; and \$35,000 for capital outlay.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

House Committee of the Whole Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: State Board of Tax Appeals **Bill No.** **Bill Sec.**

Analyst: Krahl **Analysis Pg. No.** Vol. 1-424 **Budget Page No.** 427

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,944,743	\$ 2,053,352	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 1,944,743	\$ 2,053,352	\$ 0
State General Fund:			
State Operations	\$ 1,930,243	\$ 2,038,852	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 1,930,243	\$ 2,038,852	\$ 0
FTE Positions	27.0	29.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	27.0	29.0	0.0

Agency Request/Governor's Recommendation

The agency's request for FY 2003 expenditures is \$1,944,743 which is a decrease of \$168,934 (8.0 percent) from the FY 2002 estimate. The request includes reduction packages totaling \$191,280 which includes the elimination of four FTE positions. The

request includes: \$1,476,545 for salaries and wages; \$409,698 for contractual services; \$23,500 for commodities; and \$35,000 for capital outlay.

The Governor's recommendation for FY 2003 is \$2,053,352 which is a decrease of \$142,928 from the FY 2002 recommendation. The recommendation includes the reinstatement of two FTE positions. The recommendation includes: \$1,626,635 for salaries and wages; \$368,217 for contractual services; \$23,500 for commodities; and \$35,000 for capital outlay.


Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notations:

1. The Subcommittee wishes to commend the agency for a decline in the number of cases due to the status conference process.
2. The Subcommittee wishes to note that the majority number of members in state tax appeal bodies are three board members. The agency's budget submission reflects the reduction of its board, from a five member board to a three member board. The Governor reinstated these two positions. The Subcommittee is not sure why the reinstatement was necessary, as the agency noted that a three member board would satisfactorily represent and meet the needs of the State Board of Tax Appeals.
3. The Subcommittee commends the agency for investigating the possibility of having the filing of appeals, protests, grievances, exemptions and equalizations done electronically. This process of using a paperless transmittal of data reduces errors and time while increasing savings to the agency.



Senator Jean Schodorf, Chairperson



Senator Paul Feleciano, Jr.

House Budget Committee Report

Agency: Kansas, Inc.

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No. Vol. I - 475

Budget Page No. 303

Expenditure Summary	Agency Estimate FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 385,706	\$ 384,102	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 385,706	\$ 384,102	\$ 0
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0
Economic Development Initiatives Fund:			
State Operations	\$ 344,706	\$ 343,102	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 344,706	\$ 343,102	\$ 0
FTE Positions	4.0	4.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
TOTAL	4.0	4.0	0.0

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$385,706 which is an increase of \$42,439 from the approved budget. The estimate includes: \$280,665 for salaries and wages; \$100,541 for contractual services; and \$4,500 for commodities.

The Governor recommends FY 2002 operating expenditures of \$384,102 which is an increase of \$40,835 from the approved budget. The recommendation includes: \$280,665 for salaries and wages; \$98,937 for contractual services; and \$4,500 for commodities.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

*Senate Ways and Means
3-20-02
Attachment 3*

Senate Subcommittee Report

Agency: Kansas, Inc.

Bill No. 457

Bill Sec. 30

Analyst: Hollon

Analysis Pg. No. Vol. I - 475

Budget Page No. 303

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 385,706	\$ 384,102	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 385,706</u>	<u>\$ 384,102</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 344,706	\$ 343,102	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 344,706</u>	<u>\$ 343,102</u>	<u>\$ 0</u>
FTE Positions	4.0	4.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
TOTAL	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$385,706 which is an increase of \$42,439 from the approved budget. The estimate includes: \$280,665 for salaries and wages; \$100,541 for contractual services; and \$4,500 for commodities.

The Governor recommends FY 2002 operating expenditures of \$384,102 which is an increase of \$40,835 from the approved budget. The recommendation includes: \$280,665 for salaries and wages; \$98,937 for contractual services; and \$4,500 for commodities.

Senate Subcommittee Recommendations

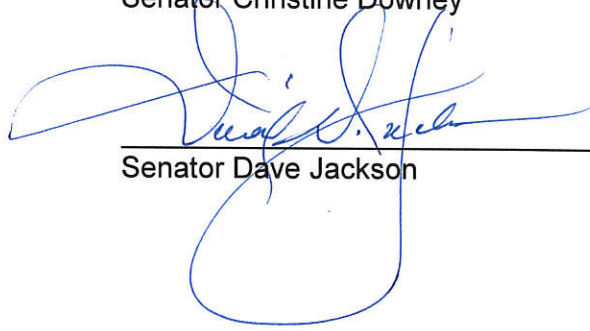
The Senate Subcommittee concurs with the Governor's recommendation.



Senator Dave Kerr, Chair



Senator Christine Downey



Senator Dave Jackson

35913(2/22/2(8:06AM))

House Budget Committee Report

Agency: Kansas, Inc.

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No. Vol. I - 475

Budget Page No. 303

Expenditure Summary	Agency Request FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 416,333	\$ 354,444	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 416,333</u>	<u>\$ 354,444</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 375,181	\$ 313,292	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 375,181</u>	<u>\$ 313,292</u>	<u>\$ 0</u>
FTE Positions	4.0	4.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
TOTAL	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$416,333 which is an increase of \$30,627 from the FY 2002 estimate. The request includes: \$281,883 for salaries and wages; \$129,950 for contractual services; and \$4,500 for commodities.

The Governor recommends FY 2003 operating expenditures of \$354,444 which is a decrease of \$29,658 from the FY 2002 recommendation. The recommendation includes: \$284,801 for salaries and wages; \$65,143 for contractual services; and \$4,500 for commodities.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Budget Committee notes the agency's mission of planning, evaluation, and implementation of economic development in the state and strongly supports its continued existence as an independent entity.
2. The Budget Committee expresses concern over the increasing demands being made upon the Economic Development Initiatives Fund and supports the removal of the statutory maximum on receipts to the Fund. The operations of the economic development agencies are being funded through the EDIF rather than the State General Fund as in previous years. In addition, non-economic development activities are being funded with EDIF monies. The result is fewer funds available for economic development activities.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Kansas, Inc.

Bill No. 640

Bill Sec. 25

Analyst: Hollon

Analysis Pg. No. Vol. I - 475

Budget Page No. 303

Expenditure Summary	Agency Req. FY 03	Gov. Rec. FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 416,333	\$ 354,444	\$ 25,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 416,333</u>	<u>\$ 354,444</u>	<u>\$ 25,000</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 375,181	\$ 313,292	\$ 25,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 375,181</u>	<u>\$ 313,292</u>	<u>\$ 25,000</u>
FTE Positions	4.0	4.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
TOTAL	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$416,333 which is an increase of \$30,627 from the FY 2002 estimate. The request includes: \$281,883 for salaries and wages; \$129,950 for contractual services; and \$4,500 for commodities.

The Governor recommends FY 2003 operating expenditures of \$354,444 which is a decrease of \$29,658 from the FY 2002 recommendation. The recommendation includes: \$284,801 for salaries and wages; \$65,143 for contractual services; and \$4,500 for commodities.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following notation:

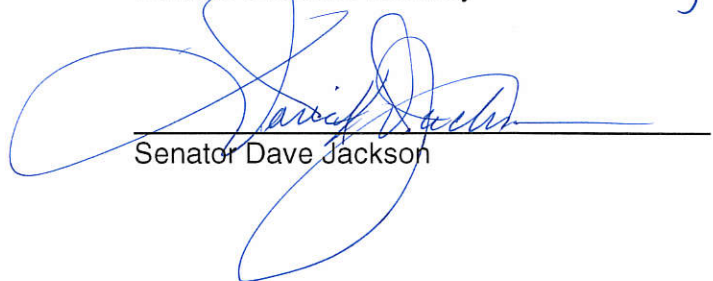
1. Add \$25,000 from the Economic Development Initiatives fund to partially restore the decrease in the agency's budget from FY 2002 to FY 2003. The Subcommittee notes the decreasing levels of funding over the last several years and is concerned that the agency might be reaching a point at which it will be unable to conduct its statutory mission and remain viable.



Senator Dave Kerr, Chair



Senator Christine Downey



Senator Dave Jackson

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation **Bill No. --** **Bill Sec. --**

Analyst: Hollon **Analysis Pg. No.** Vol. I - 461 **Budget Page No.** 321

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,625,021	\$ 2,573,360	\$ 0
Aid to Local Units	0	0	0
Other Assistance	13,620,163	13,620,163	0
TOTAL	<u>\$ 16,245,184</u>	<u>\$ 16,193,523</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 1,387,840	\$ 1,341,174	\$ 0
Aid to Local Units	0	0	0
Other Assistance	11,555,303	11,555,303	0
TOTAL	<u>\$ 12,943,143</u>	<u>\$ 12,896,477</u>	<u>\$ 0</u>
FTE Positions	30.0	29.0	0.0
Non-FTE Unclass. Perm. Positions	1.0	1.0	0.0
TOTAL	<u>31.0</u>	<u>30.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$16,245,184 which is a decrease of \$1,579,846 from the approved budget. The estimate includes: \$1,879,941 for salaries and wages; \$714,780 for contractual services; \$30,300 for commodities; and \$13,620,163 for other assistance.

The Governor recommends \$16,193,523 for FY 2002 operating expenditures which is a decrease of \$1,631,507 from the approved budget. The recommendation includes: \$1,833,275 for salaries and wages; \$709,785 for contractual services; \$30,300 for commodities; and \$13,620,163 for other assistance.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

*Senate Ways and Means
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Attachment 4*

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** 457

Bill Sec. 31

Analyst: Hollon

Analysis Pg. No. 461

Budget Page No. 321

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 2,625,021	\$ 2,573,360	\$ 0
Aid to Local Units	0	0	0
Other Assistance	13,620,163	13,620,163	0
TOTAL	<u>\$ 16,245,184</u>	<u>\$ 16,193,523</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 1,387,840	\$ 1,341,174	\$ 0
Aid to Local Units	0	0	0
Other Assistance	11,555,303	11,555,303	0
TOTAL	<u>\$ 12,943,143</u>	<u>\$ 12,896,477</u>	<u>\$ 0</u>
FTE Positions	30.0	29.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>31.0</u>	<u>30.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$16,245,184 which is a decrease of \$1,579,846 from the approved budget. The estimate includes: \$1,879,941 for salaries and wages; \$714,780 for contractual services; \$30,300 for commodities; and \$13,620,163 for other assistance.

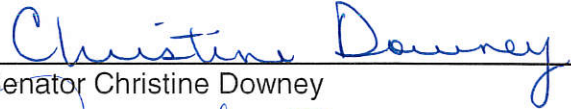
The Governor recommends \$16,193,523 for FY 2002 operating expenditures which is a decrease of \$1,631,507 from the approved budget. The recommendation includes: \$1,833,275 for salaries and wages; \$709,785 for contractual services; \$30,300 for commodities; and \$13,620,163 for other assistance.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation.



Senator Dave Kerr, Chair



Senator Christine Downey



Senator Dave Jackson

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation **Bill No. --** **Bill Sec. --**

Analyst: Hollon **Analysis Pg. No.** Vol. I - 461 **Budget Page No.** 321

Expenditure Summary	Agency Req. FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,521,180	\$ 2,380,051	\$ 0
Aid to Local Units	0	0	0
Other Assistance	36,518,582	12,971,082	0
TOTAL	<u>\$ 39,039,762</u>	<u>\$ 15,351,133</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	20,000,000	0	0
TOTAL	<u>\$ 20,000,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 1,438,374	\$ 1,291,549	\$ 0
Aid to Local Units	0	0	0
Other Assistance	14,457,803	10,915,702	0
TOTAL	<u>\$ 15,896,177</u>	<u>\$ 12,207,251</u>	<u>\$ 0</u>
FTE Positions	30.0	29.0	0.0
Non-FTE Unclass. Perm. Positions	1.0	1.0	0.0
TOTAL	<u>31.0</u>	<u>30.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$39,039,762 which is an increase of \$22,794,578 from the FY 2002 estimate. The request includes: \$1,889,407 for salaries and wages; \$608,663 for contractual services; \$23,110 for commodities; and \$36,518,582 for other assistance.

The Governor recommends FY 2003 operating expenditures of \$15,351,133 which is a decrease of \$842,390 from the FY 2002 recommendation. The recommendation includes: \$1,857,365 for salaries and wages; \$499,576 for contractual services; \$23,110 for commodities; and \$12,971,082 for other assistance.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation with the following notation:

1. The Budget Committee supports the concept of block grant appropriations from the Economic Development Initiatives Fund and believes that this agency could benefit from the flexibility such a block grant could provide should the proposal be expanded in the future.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Kansas Technology Enterprise Corporation **Bill No.** 640

Bill Sec. 26

Analyst: Hollon

Analysis Pg. No. 461

Budget Page No. 321

Expenditure Summary	Agency Req. FY 03	Gov. Rec. FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 2,521,180	\$ 2,380,051	\$ 0
Aid to Local Units	0	0	0
Other Assistance	36,518,582	12,971,082	384,000
TOTAL	<u>\$ 39,039,762</u>	<u>\$ 15,351,133</u>	<u>\$ 384,000</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	20,000,000	0	0
TOTAL	<u>\$ 20,000,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 1,438,374	\$ 1,291,549	\$ 0
Aid to Local Units	0	0	0
Other Assistance	14,457,803	10,915,702	384,000
TOTAL	<u>\$ 15,896,177</u>	<u>\$ 12,207,251</u>	<u>\$ 384,000</u>
FTE Positions	30.0	29.0	0.0
Other Unclassified Positions	1.0	1.0	0.0
TOTAL	<u>31.0</u>	<u>30.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$39,039,762 which is an increase of \$22,794,578 from the FY 2002 estimate. The request includes: \$1,889,407 for salaries and wages; \$608,663 for contractual services; \$23,110 for commodities; and \$36,518,582 for other assistance.

The Governor recommends FY 2003 operating expenditures of \$15,351,133 which is a decrease of \$842,390 from the FY 2002 recommendation. The recommendation includes: \$1,857,365 for salaries and wages; \$499,576 for contractual services; \$23,110 for commodities; and \$12,971,082 for other assistance.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustment and notation:


1. Authorize the agency to expend \$384,000 in prior year encumbrances for grant awards in FY 2003. The agency indicates that the moneys are no longer needed for the purposes for which they were encumbered. The Subcommittee recommends that the additional funds be distributed among the agency's programs as follows:
 - \$120,000 for the Innovation Research Program which provides mentoring and financial support to Kansas businesses seeking federal technology funds;
 - \$100,000 for the Commercialization Program which provides business development services and limited financing to start-up technology-based businesses; and
 - \$164,000 for the Centers of Excellence Program which provides core funding to five university-based research centers.

The Subcommittee also recommends a review at Omnibus of the agency's encumbered amounts to determine if any others can be released for use in other areas.

2. The Subcommittee notes that there are several businesses being assisted by KTEC which will be entering the initial public offering stage over the next 12 to 36 months and have the potential to bring significant returns on the investments made by the state.



 Senator Dave Kerr, Chair



 Senator Christine Downey



 Senator Dave Jackson

House Budget Committee Report

Agency: Department of Commerce and Housing

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol I - 435

Budget Page No. 91

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 24,489,703	\$ 24,489,703	\$ 0
Aid to Local Units	70,255,929	70,255,929	0
Other Assistance	10,384,723	10,379,723	0
TOTAL	<u>\$ 105,130,355</u>	<u>\$ 105,125,355</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	200,000	200,000	0
TOTAL	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 0</u>
Economic Development Initiatives Fund	\$ 16,019,951	\$ 16,014,951	\$ 0
FTE Positions	149.0	149.0	0.0
Non-FTE Unclass. Perm. Positions	4.0	4.0	0.0
TOTAL	<u>153.0</u>	<u>153.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$105,130,355 which is a decrease of \$18,879,611 from the approved budget. The estimate includes: \$7,103,024 for salaries and wages; \$6,741,937 for contractual services; \$236,905 for commodities; \$372,654 for capital outlay; \$10,035,183 for debt service; \$70,255,929 for aid to local units; and \$10,384,723 for other assistance.

The Governor recommends operating expenditures of \$105,125,355 for FY 2002 which is a decrease of \$18,884,611 from the approved budget. The recommendation includes: \$7,103,024 for salaries and wages; \$6,741,937 for contractual services; \$236,905 for commodities; \$372,654 for capital outlay; \$10,035,183 for debt service; \$70,255,929 for aid to local units; and \$10,379,723 for other assistance.

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation.

*Senate Ways and Means
3-22-02
Attachment 5*

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Department of Commerce and Housing **Bill No.** 457 **Bill Sec.** 29

Analyst: Hollon **Analysis Pg. No.** 435 **Budget Page No.** 91

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 24,489,703	\$ 24,489,703	\$ 0
Aid to Local Units	70,255,929	70,255,929	0
Other Assistance	10,384,723	10,379,723	0
TOTAL	<u><u>\$ 105,130,355</u></u>	<u><u>\$ 105,125,355</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	200,000	200,000	0
TOTAL	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 0</u></u>
Economic Development Initiatives Fund	\$ 16,019,951	\$ 16,014,951	\$ 0
FTE Positions	149.0	149.0	0.0
Non-FTE Unclass. Perm. Positions	4.0	4.0	0.0
TOTAL	<u><u>153.0</u></u>	<u><u>153.0</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$105,130,355 which is a decrease of \$18,879,611 from the approved budget. The estimate includes: \$7,103,024 for salaries and wages; \$6,741,937 for contractual services; \$236,905 for commodities; \$372,654 for capital outlay; \$10,035,183 for debt service; \$70,255,929 for aid to local units; and \$10,384,723 for other assistance.

The Governor recommends operating expenditures of \$105,125,355 for FY 2002 which is a decrease of \$18,884,611 from the approved budget. The recommendation includes: \$7,103,024 for salaries and wages; \$6,741,937 for contractual services; \$236,905 for commodities; \$372,654 for capital outlay; \$10,035,183 for debt service; \$70,255,929 for aid to local units; and \$10,379,723 for other assistance.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation.



Senator Dave Kerr, Chair



Senator Christine Downey



Senator Dave Jackson

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House Budget Committee Report

Agency: Department of Commerce and Housing **Bill No. --** **Bill Sec. --**

Analyst: Hollon **Analysis Pg. No.** Volume I - 435 **Budget Page No.** 91

Expenditure Summary	Agency Req. FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 26,436,849	\$ 24,154,896	\$ 0
Aid to Local Units	88,425,241	87,708,041	0
Other Assistance	10,709,723	10,118,549	0
TOTAL	<u>\$ 125,571,813</u>	<u>\$ 121,981,486</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	200,000	200,000	0
TOTAL	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 0</u>
Economic Development Initiatives Fund	\$ 18,965,061	\$ 15,338,185	\$ 0
FTE Positions	149.0	148.0	0.0
Non-FTE Unclass. Perm. Positions	4.0	4.0	0.0
TOTAL	<u>153.0</u>	<u>152.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$125,571,813 which is an increase of \$20,441,458 from the FY 2002 estimate. The request includes: \$7,296,741 for salaries and wages; \$8,509,894 for contractual services; \$291,687 for commodities; \$154,345 for capital outlay; \$10,184,182 for debt service; \$88,425,241 for aid to local units; and \$10,709,723 for other assistance.

The Governor recommends FY 2003 operating expenditures of \$121,981,486 which is an increase of \$16,856,131 from the FY 2002 recommendation. The recommendation includes: \$7,233,600 for salaries and wages; \$6,352,282 for contractual services; \$233,487 for commodities; \$151,345 for capital outlay; \$10,184,182 for debt service; \$87,708,041 for aid to local units; and \$10,118,549 for other assistance.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Budget Committee commends Lieutenant Governor Sherrer and notes that through his leadership economic development in the state has been enhanced.
2. While not recommending additional funding at this time, the Budget Committee acknowledges the priorities of tourism and rural development stated by the agency in discussions of the Governor's enhanced budget recommendations. According to the agency, Kansas currently ranks 49th in the nation in terms of state tourism advertising budgets. Increased funding would allow the agency to market Kansas historical and cultural attractions to the citizens of Kansas and neighboring states.

The agency also stated that rural development is essential to the economic health of the state and that the Enterprise Facilitation program would provide opportunities for rural communities to increase their capacity and create new entrepreneurial businesses.

3. The Budget Committee notes that, based upon the recommendation of the Legislative Budget Committee, the Economic Development Initiatives Fund is being appropriated as a block grant on a trial basis for FY 2003. The use of an operating grant will provide the agency with more flexibility to shift funds between programs as needed.
4. The Budget Committee also notes the agency's request for restoration of the FTE position eliminated as a part of the Governor's reduction package, but takes no action at this time. The agency included the proposal as a part of its reduced resources budget submission before the EDIF block grant had been recommended. The agency believes that, with the block grant, the position could be funded within the total recommended budget.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Department of Commerce and Housing **Bill No.** 640 **Bill Sec.** 24

Analyst: Hollon **Analysis Pg. No.** 435 **Budget Page No.** 91

Expenditure Summary	Agency Req. FY 03	Gov. Rec. FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 26,436,849	\$ 24,154,896	\$ 0
Aid to Local Units	88,425,241	87,708,041	0
Other Assistance	10,709,723	10,118,549	55,000
TOTAL	<u>\$ 125,571,813</u>	<u>\$ 121,981,486</u>	<u>\$ 55,000</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	200,000	200,000	0
TOTAL	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 0</u>
Economic Development Initiatives Fund	\$ 18,965,061	\$ 15,338,185	\$ 55,000
FTE Positions	149.0	148.0	0.0
Other Unclassified Positions	4.0	4.0	0.0
TOTAL	<u>153.0</u>	<u>152.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$125,571,813 which is an increase of \$20,441,458 from the FY 202 estimate. The request includes: \$7,296,741 for salaries and wages; \$8,509,894 for contractual services; \$291,687 for commodities; \$154,345 for capital outlay; \$10,184,182 for debt service; \$88,425,241 for aid to local units; and \$10,709,723 for other assistance.

The Governor recommends FY 2003 operating expenditures of \$121,981,486 which is an increase of \$16,856,131 from the FY 2002 recommendation. The recommendation includes: \$7,233,600 for salaries and wages; \$6,352,282 for contractual services; \$233,487 for commodities; \$151,345 for capital outlay; \$10,184,182 for debt service; \$87,708,041 for aid to local units; and \$10,118,549 for other assistance.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustment and notation:

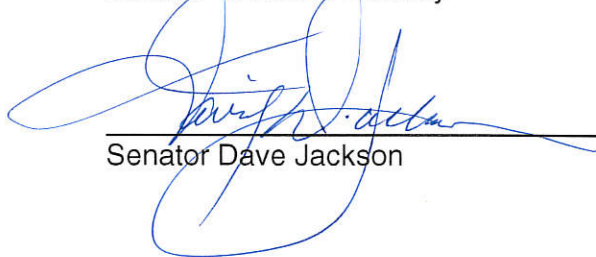
1. Add \$55,000 to the agency's Economic Development Initiatives Fund block grant. As part of its 2001 interim report, the Legislative Budget Committee recommended to appropriate EDIF moneys to the Department of Commerce and Housing as a block grant rather than by individual line items to give the agency the flexibility to shift funding among its programs. While not specifying the uses of the additional funds, the Subcommittee recommends that the agency consider replacing funding cut from the Certified Development Companies grant, Agriculture Product Development grants, and tourism advertising.
2. The Subcommittee notes that the recommendation of the Legislative Budget Committee included a requirement that the appropriations bill include specific and measurable outcomes tied to the block grant and that SB 640 as introduced does not contain those performance measures. The Subcommittee recommends that those measures be amended into the bill. In addition, the Subcommittee recognizes that the performance measures should be the focus of budget deliberations during the 2003 Legislative Session and recommends that staff from the Legislative Research Department and the Department of Commerce and Housing work together to develop an effective reporting format to clearly illustrate the agency's performance as compared to the projected outcomes.



Senator Dave Kerr, Chair



Senator Christine Downey



Senator Dave Jackson

ECONOMIC DEVELOPMENT INITIATIVES FUND

Agency/Program	2001 Legislative Approved FY 2002	Governor's Recommendation FY 2002
Department of Commerce and Housing ⁽¹⁾		
Agency Operations	\$ 8,459,757	\$ 8,450,051
Small Business Development Centers	485,000	485,000
Certified Development Companies	400,000	400,000
Kansas Industrial Training/Retraining	3,600,000	3,600,000
Trade Show Promotion Grants	150,000	150,000
Community Capacity Building Grants	197,000	197,000
Kansas Economic Opportunity Initiative Fund	3,500,000	3,500,000
Kansas Existing Industry Expansion Program	500,000	500,000
Tourism Promotion Grants	1,052,100	1,052,100
Mainstreet Grant and Development Prog.	216,800	216,800
Agriculture Product Development	540,000	535,000
Training Equipment Grants	277,500	277,500
Travel Information Centers	115,000	115,000
Motion Picture and Television Rebate	75,000	75,000
HOME Program	530,000	530,000
Subtotal - KDCH	<u>\$ 20,098,157</u>	<u>\$ 20,083,451</u>
Kansas Technology Enterprise Corporation ⁽¹⁾		
Agency Operations	\$ 1,331,781	\$ 1,341,174
Centers of Excellence	4,350,000	4,350,000
Research Matching Grants	1,216,000	1,260,000
Business Innovative Research Grants	76,000	516,000
State Small Business Innovation Research	440,000	-
Special Projects	79,303	79,303
Commercialization Grants	1,450,000	1,450,000
Mid-America Manufact. Tech. Center	1,000,059	900,000
EPSCoR	3,000,000	3,000,000
Subtotal - KTEC	<u>\$ 12,943,143</u>	<u>\$ 12,896,477</u>
Kansas, Inc. ⁽¹⁾	\$ 343,267	\$ 341,663
Board of Regents		
Matching Grants - AVTS	\$ 166,855	\$ 166,855
Post-secondary Aid - AVTS	6,916,110	6,882,981
Capital Outlay Aid - AVTS	2,700,000	2,700,000
Comprehensive Grant Program	250,000	250,000
Subtotal - Regents	<u>\$ 10,032,965</u>	<u>\$ 9,999,836</u>
State Water Plan Fund ⁽²⁾	\$ 2,000,000	\$ 2,000,000
Adjutant General - Kansas National Guard Educational Asst.	\$ 250,000	\$ 250,000
Death and Disability Transfer	\$ 16,412	\$ 10,308
TOTAL TRANSFERS AND EXPENDITURES	<u>\$ 45,683,944</u>	<u>\$ 45,581,735</u>

EDIF Resource Estimate

Beginning Balance	\$ 1,976,476	\$ 1,868,022
Gaming Revenues	42,500,000	42,432,000
Other Income ⁽³⁾	1,000,000	1,108,253
Total Available	<u>\$ 45,476,476</u>	<u>\$ 45,408,275</u>
Less: Expenditures and Transfers	45,683,944	45,581,735
ENDING BALANCE	<u>\$ (207,468)</u>	<u>\$ (173,460)</u>

- 1) Does not include expenditures from prior year EDIF allocations.
 2) The Legislature approved a transfer of \$1,638,180 in FY 2002. Due to a technical error, \$2,000,000 was actually transferred.
 3) Other Income includes interest earnings and released encumbrances.

ECONOMIC DEVELOPMENT INITIATIVES FUND

<u>Agency/Program</u>	<u>Governor's Recommendation FY 2003</u>	<u>Senate Committee Adjustments FY 2003</u>
Department of Commerce and Housing ⁽¹⁾		
Operating Grant	\$ 15,320,885	\$ 55,000
Kansas Economic Initiatives Opportunity Fund	3,500,000	-
Kansas Existing Industry Expansion Program	500,000	-
Subtotal - Commerce and Housing	<u>\$ 19,320,885</u>	<u>\$ 55,000</u>
Kansas Technology Enterprise Corporation ⁽¹⁾		
Agency Operations	\$ 1,291,549	\$ -
Centers of Excellence	3,925,000	164,000
Research Matching Grants	1,260,000	-
Business Innovative Research Grants	396,000	120,000
Special Projects	79,303	-
Commercialization Grants	1,350,000	100,000
Mid-America Manufact. Tech. Center	905,399	-
EPSCoR	3,000,000	-
Subtotal - KTEC	<u>\$ 12,207,251</u>	<u>\$ 384,000</u>
Kansas, Inc. ⁽¹⁾	\$ 313,292	\$ 25,000
Board of Regents		
Matching Grants - AVTS	\$ 200,000	
Post-secondary Aid - AVTS	6,467,660	
Capital Outlay Aid - AVTS	2,700,000	
Subtotal - Regents	<u>\$ 9,367,660</u>	<u>\$ -</u>
Adjutant General - National Guard Educational Assist.	\$ -	
State Water Plan Fund	\$ 2,000,000	
TOTAL TRANSFERS AND EXPENDITURES	<u>\$ 43,209,088</u>	<u>\$ 464,000</u>
EDIF Resource Estimate		
Beginning Balance	\$ (173,460)	\$ (173,460)
Gaming Revenues	42,432,000	42,432,000
Other Income ⁽²⁾	1,032,300	1,416,300
Total Available	<u>\$ 43,290,840</u>	<u>\$ 43,674,840</u>
Less: Expenditures and Transfers	43,209,088	43,673,088
ENDING BALANCE	<u>\$ 81,752</u>	<u>\$ 1,752</u>

1) Does not include expenditures from prior year EDIF allocations.

2) Other Income includes interest earnings and released encumbrances.

Kansas Department of Commerce & Housing
 EDIF Block Grant Outcome Measures

	FY 2001 Actual	FY 2002 Gov. Estimate	FY 2003 Gov. Rec.
Jobs created by projects utilizing KDOC&H assistance	7,226	7,034	6,718
Jobs retained by projects utilizing KDOC&H assistance	6,483	6,224	5,975
Payroll generated by projects utilizing KDOC&H assistance	\$418,438,934	\$402,936,127	\$386,675,162
Capital investment in Kansas resulting from projects utilizing KDOC&H assistance	\$1,111,764,518	\$1,016,609,783	\$976,281,392
Funds leveraged through match in projects utilizing KDOC&H assistance	\$28,213,467	\$38,878,900	\$38,630,900
Individuals trained through workforce development programs	11,800	11,100	10,600
Sales generated by projects utilizing KDOC&H assistance	\$83,742,680	\$67,145,000	\$66,780,000
Increase in visitation resulting from KDOC&H tourism promotion efforts	398,916	299,250	319,463
Tourism revenue generated as a result of KDOC&H tourism promotion	\$39,248,968	\$35,577,285	\$28,461,828
Kansans served with counseling, technical assistance, or business services	5,067	5,627	5,362
Number of communities receiving community assistance services	238	349	334
Number of Kansans with improved housing situations resulting from KDOC&H assistance	347	425	417

Senate Ways and Means
 3-20-02
 Attachment 7

**TESTIMONY TO
SENATE COMMITTEE ON WAYS & MEANS
BY JOE FRITTON, P.E.
DIRECTOR, DIVISION OF FACILITIES MANAGEMENT
March 20, 2002**

Mr. Chairman and Members of the Committee,

Thank you for the opportunity for the Department of Administration to discuss HB 2690 with you. My name is Joe Fritton and I am the Director of the Division of Facilities Management. My Division is responsible for design, operations and maintenance of the facilities in the Capitol Complex and for providing administrative oversight of all state building construction projects in the State of Kansas.

This testimony is not intended to address the ultimate objective of the proposed legislation, which is to encourage the construction of research facilities. It is, however, intended to point out the differences in the construction delivery methods allowed under this legislation.

HB2690 allows for construction of the research facilities using either the traditional Design - Bid - Build or the Construction Manager at Risk delivery methods. The current statutes addressing building construction facilitate the traditional method of construction used in the late 1970's: Design - Bid - Build. Since then other successful methods have been used to construct buildings: Design - Build and Construction Manager at Risk, which is currently being used on the Kansas Statehouse project. There are also many hybrids of the three methods. However, the statutes as written do not facilitate the use of any other method than Design - Bid - Build.

Under HB2690, a Construction Manager at Risk delivery method could be used. The proposed bill is the result of a compromise among the Board of Regents, Department of Administration, Professional Engineer and Architects and Contractors.

The process ensures qualification-based selection of design professionals in a manner similar to the current process. It also utilizes the State Building Advisory Commission to short list a Construction Manager at Risk Firm. It utilizes the Department of Administration to prepare contracts, perform design reviews, and conduct inspections including the final inspection. This process requires the Construction Manager at Risk to take competitive bids for the contracted work. This method should expedite the process while at the same time protect taxpayer dollars.

Mr. Chairman, I stand for questions.

*Senate Ways and Means
3-20-02
Attachment 8*